



**HOUSING AND REDEVELOPMENT AUTHORITY AGENDA**  
**Tuesday, May 7, 2013**  
**Immediately Following Regular Council Meeting**  
**Coon Rapids City Center**  
**Council Chambers**

---

**Call to Order**

**Roll Call**

**Approval of Minutes of Previous Meeting**

March 19, 2013, Regular Meeting

April 16, 2013, Closed Session

**New Business**

1. Bridgestone Retail Operations ("Firestone") Relocation and Leasehold Claim, 2920 Coon Rapids Boulevard:
  - a. Approve Settlement Agreement and Relocation Assistance Waiver and Release
  - b. Authorize Chair and Secretary to Execute Agreement

**Other Business**

**Adjourn**



**HRA Regular**

**Meeting Date:** 05/07/2013

**SUBJECT:** Minutes

---

---

**Attachments**

3-19-13 HRA Meeting

4-16-13 Closed HRA Meeting

---

---

## **UNAPPROVED**

### **HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF MARCH 19, 2013**

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order by Chair Howe at 6:55 p.m. on March 19, 2013, in the Council Chambers.

Members Present: Chair Tim Howe, Commissioners Denise Klint, Paul Johnson, Ron Manning, Jerry Koch, Bruce Sanders, Steve Wells

Members Absent: None

### **CALL TO ORDER**

Chair Howe called the meeting to order at 6:55 p.m.

### **ROLL CALL**

All present.

### **APPROVAL OF MINUTES**

#### **MARCH 5, 2013, REGULAR MEETING**

MOTION BY COMMISSIONER JOHNSON, SECONDED BY COMMISSIONER KLINT, FOR APPROVAL OF THE MINUTES OF THE MARCH 5, 2013, REGULAR MEETING. THE MOTION PASSED UNANIMOUSLY.

#### **1. CONS. LEASE AGREEMENT WITH TUNED UP CUSTOM RODS, LLC, 1425 COON RAPIDS BOULEVARD**

Community Development Director Marc Nevinski shared the staff report.

Chair Howe asked if for some reason development in this area came sooner than expected and we needed to raze the building would we be required to pay relocation costs. Community Development Director Nevinski said the lessee understands that this is a redevelopment area and has waived their rights to relocation benefits should that situation arise.

Chair Howe noted the company manufactures custom-made fishing rods and said the product sounds very exciting. He said this proposal is good as it serves both the City and helps local business owners become established. Chair Howe welcomed them to the City.

Commissioner Klint inquired about potential noise level concerns with the other tenants. John Burback, Tuned Up Custom Rods, stated the loudest equipment they have will be a shop vac, adding this is not a manufacturing operation.

Commissioner Johnson inquired about potential odor issues. Mr. Burback said their operation is non-toxic and odorless.

MOTION BY COMMISSIONER MANNING, SECONDED BY COMMISSIONER WELLS TO APPROVE THE LEASE AGREEMENT WITH TUNED UP CUSTOM RODS, LLC, 1425 COON RAPIDS BOULEVARD.

Commissioner Koch noted a typo in the Lease on Page 2, Item 7, that referred to tenant use for an insurance office that should be corrected.

THE MOTION PASSED UNANIMOUSLY.

#### OTHER BUSINESS

---

There was no other business to come before the HRA.

#### ADJOURN

---

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER JOHNSON, TO ADJOURN THE MARCH 19, 2013, MEETING AT 6:59 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cathy Sorensen  
City Clerk

## **UNAPPROVED**

### **HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF APRIL 16, 2013**

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order by Chair Tim Howe at 6:30 p.m. on April 16, 2013, in Conference Room 1.

Members Present: Chair Tim Howe, Commissioners Denise Klint, Ron Manning, Paul Johnson, Bruce Sanders, Jerry Koch, Steve Wells

Members Absent: None

Others Present: City Manager Steve Gatlin, City Attorney Dave Brodie, Community Development Director Marc Nevinski

#### **1. CALL TO ORDER**

Chair Howe called the meeting to order at 6:30 p.m.

#### **2. ROLL CALL**

All Commissioners were present.

#### **3. FIRESTONE LEASE/RELOCATION, 2920 COON RAPIDS BOULEVARD**

Prior to entering the closed session, Community Development Director Marc Nevinski and City Attorney Dave Brodie explained that the City Council will be discussing in closed session potential litigation/settlement of Firestone lease and relocation from 2920 Coon Rapids Boulevard.

MOTION BY COMMISSIONER WELLS, SECONDED BY COMMISSIONER MANNING, TO ENTER INTO CLOSED SESSION PURSUANT TO M.S. SEC. 13D.05, SUBD. 3(b) TO DISCUSS POTENTIAL LITIGATION/SETTLEMENT OF FIRESTONE LEASE AND RELOCATION FROM 2920 COON RAPIDS BOULEVARD. THE MOTION PASSED UNANIMOUSLY.

The HRA discussed the Firestone lease and relocation from 2920 Coon Rapids Boulevard in closed session.

MOTION BY COMMISSIONER WELLS, SECONDED BY COMMISSIONER KLINT, TO END THE CLOSED SESSION. THE MOTION PASSED UNANIMOUSLY.

#### **5. ADJOURN**

MOTION BY COMMISSIONER KLINT, SECONDED BY COMMISSIONER WELLS, TO ADJOURN THE APRIL 16, 2013, CLOSED WORK SESSION AT 7:00 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cathy Sorensen, City Clerk



## HRA Regular

1.

**Meeting Date:** 05/07/2013

**Subject:** Firestone Relocation and Leasehold Claim

**From:** David Brodie, City Attorney

---

### **INTRODUCTION**

The HRA is ask to consider approval of settlement agreement with Bridgestone Retail Operations ("Firestone").

### **DISCUSSION**

Firestone has been a tenant in a building that the HRA purchased in November 2011 at 2920 Coon Rapids Boulevard. The HRA purchased this property as its near the new ice arena. Firestone vacated property on October 31, 2012 and relocated to its current location on Hanson Boulevard. Firestone is eligible under the Federal Relocation Act and Minnesota Statutes to receive relocation costs. Further, based on various appraisals, the Firestone leasehold had a monetary value when it vacated the property.

While eligible relocation costs are generally clear, there are some grey areas, particularly in a larger relocation project. The HRA would also be required to pay all expenses associated with Firestone's "appeal" of relocation costs. With respect to Firestone's lease, leasehold valuation is often subject to different interpretations and methodologies. Furthermore, condemnation law, which could be applied to the leasehold interest (although condemnation has not been employed), could increase award costs based on the determined value by a court in addition to statutory requirements for expenses including attorney fees/litigation expenses.

With that in mind, Firestone and staff have been working towards a "global settlement" amount that includes both relocation costs and leasehold value. Staff's latest settlement offer to Firestone is \$487,000. Firestone has lowered its last offer to \$500,000. Staff believes that the Firestone's last offer is reasonable factoring in eligible relocation costs, leasehold interest, and the risks and costs associated with otherwise litigating the matter. The settlement agreement provides that in exchange for payment Firestone releases any and all claims it may have with respect to its Lease and its relocation. It also provides that the HRA releases any and all claims it may have against Firestone with respect to the lease or acquisition of Firestone's leasehold interest.

### **RECOMMENDATION**

Staff recommends the HRA:

- a. Approval the Settlement Agreement and Relocation Assistance Waiver and Release with Firestone.
- b. Authorize the Chair and Secretary to execute the Agreement.

---

### **Attachments**

**Firestone Agreement**

---

**SETTLEMENT AGREEMENT AND  
RELOCATION ASSISTANCE WAIVER AND RELEASE**

THIS AGREEMENT WAIVER AND RELEASE (this “Agreement”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 2013 by and between the Housing and Redevelopment Authority in and for the City of Coon Rapids, a Minnesota municipal corporation (“Coon Rapids HRA”) and Bridgestone Retail Operations, LLC, a Delaware limited liability corporation formerly BFS Retail & Commercial Operations, LLC as successor in interest to Bridgestone/Firestone, Inc, formerly Firestone Tire and Rubber Company (“Firestone”).

**RECITALS**

**WHEREAS**, Coon Rapids HRA purchased certain real property located generally at 2920 111th Avenue N.W. (also known as 2920 Coon Rapids Boulevard), Coon Rapids, MN including a commercial building formerly operated as a Firestone retail tire store.

**WHEREAS**, Coon Rapids HRA purchased the property with the intent to convert the property to a public use. The property is adjacent to a City owned ice arena and is potential location for a park and/or community center project.

**WHEREAS**, Coon Rapids HRA has the power to take property for public use through the exercise of eminent domain found in Minnesota Statutes Chapter 117.

**WHEREAS**, Firestone operated a retail store on a portion of the property (the “Property”) under a business lease originally negotiated between Firestone and Coon Rapids FS Partnership (now known as Coon Rapids FS, LLC) dated May 20, 1987 (the “Lease”). Said Lease was in its third amendment. The third amendment dated January 25, 2007 had extended the Lease until February 28, 2013 and provided three (3) additional options for five year renewals.

**WHEREAS**, Firestone vacated the Property on or about October 29, 2012 and terminated the Lease on October 31, 2012. Said termination of Lease was acknowledged and agreed upon by Coon Rapids HRA.

**WHEREAS**, Minnesota Statutes Chapter 117 provides Firestone, as a business lessee, with certain rights in an eminent domain proceeding and certain rights to relocation assistance, services, payments and other benefits.

**WHEREAS**, under Minnesota Statute § 117.52, Firestone may be eligible for the following types and amounts of relocation assistance, services, payments and benefits as described in the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. §§ 4601-4655:

1. Transportation of the displaced person and personal property;

2. Packing, crating, unpacking, and uncrating of the personal property;
3. Disconnecting, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property;
4. Storage of the personal property for a period not to exceed 12 months;
5. Insurance for the replacement value of the property in connection with the move and necessary storage;
6. The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault of negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available; and
7. Other moving-related expenses that are not listed as ineligible under the Federal Regulations [not defined] as determined to be reasonable and necessary.

**WHEREAS**, in the spirit of cooperation and pursuant to Minnesota Statute § 117.036, subd. 3., Coon Rapids HRA and Firestone entered into good faith negotiations to settle all claims related to Firestone's Lease prior to and instead of the use of eminent domain proceedings. These claims include damages as a result of eminent domain proceedings, relocation assistance, and any and all other claims arising out of Firestone's Lease and leasehold interest in the Property.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the parties agree as follows:

1. Coon Rapids HRA will pay to Firestone the sum of \$500,000 within 14 days of the execution of this agreement. In consideration for this payment, Firestone, its assigns and successors does hereby forever release, indemnify, defend and hold Coon Rapids HRA harmless against any and all claims for damages Firestone may have arising out of, under, or in connection with the Lease or acquisition of Firestone's leasehold interest in the Property and waives any and all rights it may have for relocation assistance or any other monetary payment or nonmonetary benefit that may exist under the Lease or state or federal law.
2. Coon Rapids HRA agrees to accept the condition of the Property in its "As-Is, Where is, With All Faults" condition as of October 31, 2012. Coon Rapids HRA does hereby forever release, indemnify, defend and hold Firestone harmless against any and all claims for damages Coon Rapids HRA may have arising out of, under, or in connection with the Lease or acquisition of Firestone's leasehold interest in the Property.

3. Firestone has removed any tenant improvements at the Property prior to vacating the Property. Any fixtures and improvements not already removed will become the property of Coon Rapids HRA.
4. Firestone will sign any recordable instruments that may be necessary to extinguish any rights Firestone may have to the property.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day first written above.

THE HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY OF COON  
RAPIDS

By \_\_\_\_\_  
Tim Howe, Its Chair

By \_\_\_\_\_  
Bruce Sanders, Its Secretary

APPROVED AS TO FORM AND CONTENT

By \_\_\_\_\_  
David J. Brodie, City Attorney

*[Signatures continue on next page]*

**BRIDGESTONE RETAIL OPERATIONS, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_